

AMENDED IN SENATE JUNE 19, 2012

AMENDED IN SENATE JUNE 4, 2012

AMENDED IN SENATE AUGUST 18, 2011

AMENDED IN ASSEMBLY APRIL 4, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 276**

---

---

**Introduced by Assembly Member Alejo**

February 7, 2011

---

---

An act to add Chapter 2.5 (commencing with Section 101655) to Part 4 of Division 101 of the Health and Safety Code, relating to public health.

### LEGISLATIVE COUNSEL'S DIGEST

AB 276, as amended, Alejo. Central Coast Hospital Authority.

Existing law authorizes the board of supervisors of certain counties to establish a hospital authority for the management, administration, and control of certain medical facilities. Existing law authorizes the Board of Supervisors of the County of Monterey to establish a special health care authority with prescribed powers and duties.

This bill would authorize the Board of Supervisors of the County of Monterey to establish, by ordinance, the Central Coast Hospital Authority to manage, administer, and control the Natividad Medical Center and other health care facilities, as defined, in the county, as specified. This bill would prohibit establishing the hospital authority until the medical center affiliates or consolidates with at least one other health care facility, as specified. This bill would grant to the authority the duties, privileges, immunities, rights, liabilities, and limitations of

a local unit of government within the state. This bill would also grant to the authority, among other things, the power to incur debt, borrow money, and issue bonds, as specified, and the power to levy taxes and assessments within the county, subject to certain limitations. The bill would specify that the transfer to the authority of the management, administration, and control of the medical center and another health facility shall not affect the eligibility of the county or the governing board of another health care facility for, and shall authorize the authority to participate in and receive, various sources of funding, as specified.

This bill would provide various protections for the benefits of the permanent employees of the medical center ~~and another health facility~~. The bill would require the ~~bill~~ authority to become a contracting agency of the Public Employees' Retirement System and would require the authority to maintain retirement benefits, as specified.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Chapter 2.5 (commencing with Section 101655)  
2 is added to Part 4 of Division 101 of the Health and Safety Code,  
3 to read:

4  
5 CHAPTER 2.5. CENTRAL COAST HOSPITAL AUTHORITY

6  
7 Article 1. General Provisions

8  
9 101655. This chapter shall be known and may be cited as the  
10 Central Coast Hospital Authority Act.

11 101656. The Legislature finds and declares the following:

12 (a) Natividad Medical Center, currently a constituent department  
13 of the County of Monterey, is a designated public hospital, as  
14 defined in subdivision (d) of Section 14166.1 of the Welfare and  
15 Institutions Code, and a critical component of the state's health  
16 care safety net.

17 (b) In an era of health care reform and a constantly evolving  
18 competitive health care environment, in order to carry out its  
19 mission of improving the health status of the people of the county  
20 through access to affordable, high-quality health care services, it

1 is necessary that the medical center continues to improve its ability  
2 to function with flexibility, responsiveness, and innovation.

3 (c) The Board of Supervisors of the County of Monterey has  
4 determined that the needs of the citizens of the county would best  
5 be served if the medical center, while continuing as a designated  
6 public hospital and maintaining its mission, is affiliated or  
7 consolidated with one or more health care facilities in the County  
8 of Monterey and operated by a separate and distinct public hospital  
9 authority that is separate and apart from the county.

10 (d) The board of supervisors has also determined that the  
11 creation of a public hospital authority, to be charged with the  
12 management, administration, and control of the medical center  
13 ~~and related health care programs, facilities, and delivery systems~~  
14 ~~consistent with the county's obligations under Section 17000 of~~  
15 ~~the Welfare and Institutions Code as a designated public safety~~  
16 ~~net hospital~~, and the affiliation or consolidation of the medical  
17 center with one or more health care facilities in the County of  
18 Monterey is the best way to fulfill ~~its~~ *the county's* commitment to  
19 *its residents, including low income, the medically indigent, and*  
20 ~~special needs, and general~~ populations of the county.

21 (e) Because there is no general law under which this public  
22 hospital authority could be formed for these purposes, the adoption  
23 of a special act and formation of a special authority by the  
24 Legislature is required, and the Board of Supervisors of the County  
25 of Monterey has requested that the Legislature act.

26 101657. For purposes of this chapter, the following definitions  
27 shall apply:

28 (a) "Authority" means the Central Coast Hospital Authority  
29 established pursuant to this chapter.

30 (b) "Board of supervisors" means the Board of Supervisors of  
31 the County of Monterey.

32 (c) "Board of trustees" means the governing body of the  
33 authority.

34 (d) "County" means the County of Monterey.

35 (e) "Governing board" means the governing body of any other  
36 health care facility, as defined in subdivision (g).

37 (f) "Medical center" means the Natividad Medical Center and  
38 related health care programs, facilities, care organizations, and  
39 delivery systems that exist or are established by the board of  
40 trustees.

(g) “Other health care facility” or “other health care facilities” means one or more health care facilities, districts, or systems in the County of Monterey, including, but not limited to, public or private general acute care hospitals, public hospital districts, and related health care programs, facilities, care organizations, and delivery systems, but does not include the medical center.

Article 2. Establishment of the Central Coast Hospital Authority

101658. (a) Pursuant to this chapter, the board of supervisors may establish, subject to the limitations of paragraph (1) of subdivision (c), the Central Coast Hospital Authority, which shall, for all purposes, be a public entity separate and apart from the county and any other public entity. The authority established pursuant to this chapter shall file the statement required by Section 53051 of the Government Code, and shall be considered a public entity for purposes of Division 3.6 (commencing with Section 810) of Title 1 of the Government Code and a public agency for purposes of Part 3 (commencing with Section 20000) of Division 5 of Title 2 of the Government Code.

(b) (1) The purpose of the authority shall be to do all of the following:

(A) Provide management, administration, and other controls, consistent with this chapter, for the medical center to continue to serve as a designated public hospital and ensure the viability of the health care safety net in the county in a manner consistent with the county’s requirements under Section 17000 of the Welfare and Institutions Code.

(B) Provide management, administration, and other controls for the continued operation of one or more other health care facilities that may be affiliated or consolidated with the medical center pursuant to this chapter.

(2) Subject to the requirements of this chapter, the authority shall be charged with the management, administration, and control of the medical center, other health care facilities, and related services and facilities.

(c) (1) Except as specifically set forth in this chapter, the authority shall not be established, transact business, exercise powers, or undertake duties and responsibilities pursuant to this chapter until an agreement is reached to affiliate or consolidate

1 the medical center with at least one other health care facility as set  
2 forth in this subdivision. In order for the authority to be established,  
3 transact any business, exercise its powers, or undertake its duties  
4 and responsibilities, the board of supervisors and at least one  
5 governing board shall reach agreement, on terms and conditions  
6 satisfactory to the parties, regarding the affiliation or consolidation.  
7 This agreement may include, but is not limited to, a transfer of the  
8 following:

9 (A) Real and personal property, and assets and liabilities from  
10 the county and the other health care facility to the authority.

11 (B) Employees from the county and the other health care facility  
12 to the authority.

13 (C) Maintenance, operation, and management or ownership of  
14 the medical center, in accordance with Section 14000.2 of the  
15 Welfare and Institutions Code.

16 (D) Maintenance, operation, and management or ownership of  
17 the other health care facility.

18 (E) Other matters that the board of supervisors and the governing  
19 board deem necessary or appropriate.

20 (2) If the board of supervisors and the governing board reach  
21 agreement on the matters set forth in this subdivision, the terms  
22 and conditions of the agreement shall be binding upon the  
23 authority. After the agreement is reached, the board of supervisors  
24 shall adopt an ordinance to establish the authority and authorize  
25 the authority to exercise the powers and duties pursuant to this  
26 chapter, and the board of supervisors and the governing board shall  
27 appoint a board of trustees as set forth in Section 101659. The  
28 agreement set forth in this section may be amended from time to  
29 time upon the mutual consent of the authority and the governing  
30 board or the board of supervisors, or both, as appropriate.

31 (d) An agreement concerning the transfer of personnel shall  
32 include a transition plan that requires all the following:

33 (1) Ongoing communication to employees and recognized  
34 employee organizations regarding the impact of the transition on  
35 existing medical center and other health care facility employees  
36 and employee classifications.

37 (2) Meeting and conferring by the county and the other health  
38 care facility with affected employee bargaining units on both of  
39 the following issues:

1 (A) The timeframe for which the transfer of personnel shall  
2 occur.

3 (B) A specified period of time during which employees of the  
4 county ~~and the other health care facility~~ affected by the  
5 establishment of the authority may elect to be considered for  
6 appointment to vacant positions, and exercise reinstatement rights,  
7 ~~within the county or the other health care facility, as appropriate,~~  
8 for which they are qualified and eligible. An employee who first  
9 elects to remain with the county, but who subsequently seeks  
10 employment with the authority within 30 days of this election,  
11 shall be subject to the requirements of this article.

12 (3) Acknowledgment that the authority shall be bound by the  
13 terms of the memoranda of understanding executed between the  
14 county and its ~~respective employee organizations~~ *exclusive*  
15 *employee representatives* and between the other health care facility  
16 and its respective employee organizations that are or will be in  
17 effect as of the date the county adopts the ordinance pursuant to  
18 ~~subdivision (e) this article.~~ Subsequent memoranda of  
19 understanding shall be subject to approval only by the authority.

20 (e) (1) Notwithstanding any other provision of this chapter, and  
21 whether or not accompanied by a change in licensing, an agreement  
22 for the maintenance, operation, and management or ownership of  
23 the medical center shall not relieve the county of the ultimate  
24 responsibility for indigent care pursuant to Section 14000.2 of the  
25 Welfare and Institutions Code.

26 (2) An agreement for the maintenance, operation, and  
27 management or ownership shall conform to the following  
28 requirements:

29 (A) Shall comply with Section 14000.2 of the Welfare and  
30 Institutions Code.

31 (B) May be made upon the terms and conditions that the board  
32 of supervisors and governing board may mutually agree, including  
33 those terms and conditions found necessary by the board of  
34 supervisors to ensure that the transfer of the medical center shall  
35 constitute an ongoing benefit to the county and its residents.

36 (C) Shall provide that the county shall ensure that any applicable  
37 requirements of Section 1442.5 are met.

38 (3) An agreement for the maintenance, operation, and  
39 management or ownership of the other health care facility may be  
40 made upon the terms and conditions that the board of supervisors

1 and the governing board may mutually agree, including those terms  
2 and conditions found necessary by the governing board to ensure  
3 that the transfer shall constitute an ongoing benefit to the other  
4 health care facility and its constituents.

5 (f) The board of trustees may find and declare that the authority  
6 shall cease to exist. In that event, the board of trustees shall request  
7 that the board of supervisors and the governing board, should it  
8 still exist, negotiate with the authority for a disposition of the  
9 authority's assets and liabilities, and for a transfer of the authority's  
10 duties, responsibilities, and obligations under law or contract. The  
11 board of supervisors and the governing board shall be under no  
12 obligation to reach agreement on these issues. If the board of  
13 trustees, the board of supervisors, and the governing board reach  
14 agreement, the board of supervisors shall rescind the ordinance  
15 that established the authority, and the authority shall cease to exist  
16 upon the date set forth in the rescinding ordinance. If the governing  
17 board no longer exists, only the agreement of the board of  
18 supervisors and the board of trustees shall be necessary to terminate  
19 the authority.

20 (g) The authority shall not be subject to the jurisdiction of a  
21 local agency formation commission pursuant to the  
22 Cortese-Knox-Hertzberg Local Government Reorganization Act  
23 of 2000 (Division 3 (commencing with Section 56000) of Title 5  
24 of the Government Code), or any successor statute.

25 101659. (a) Permanent employees of the medical center ~~or~~  
26 ~~other health care facility~~ on the effective date of affiliation shall  
27 be deemed qualified for employment or retention and no other  
28 qualifications shall be required. Probationary employees on the  
29 effective date of affiliation shall retain their probationary status  
30 and rights and shall not be deemed to have transferred so as to  
31 require serving a new probationary period.

32 (b) Employment seniority of an employee of the medical center  
33 ~~or other health care facility~~ on the effective date of affiliation shall  
34 be counted toward seniority in the authority, ~~and. The authority~~  
35 shall provide for the maintenance of benefits that accompany  
36 seniority including, but not limited to, preference in vacations and  
37 scheduling, *where applicable*. All time spent in the same,  
38 equivalent, or higher classification shall be counted toward  
39 classification seniority.

(c) The implementation of this chapter shall not be a cause for the modification of the level of medical center ~~or other health care facility~~ employment benefits. Upon consolidation or affiliation of the medical center with at least one other health care facility, ~~officers, employees, and other personnel~~ *employees* who serve or work for the medical center ~~or other health care facility~~ immediately prior to the implementation of this chapter shall retain their existing or equivalent classifications and job descriptions upon transfer to the authority, and at least their existing salaries and benefits that include, but are not limited to, accrued and unused vacation, sick leave, personal leave, health and pension plans, ~~retiree group insurance~~ *health* benefits, and deferred compensation plans.

(d) The authority shall become a contracting agency of the Public Employees' Retirement System consistent with the requirements of Section 20508 and other applicable law, ~~the for the purpose of continuing or providing membership in the Public Employees' Retirement System for those authority employees represented by the exclusive representative of the former medical center employees who transferred to the authority. This action shall be taken prior to completing the transfer of medical center employees to the authority.~~ The authority shall provide for the continued membership of medical center employees in the Public Employees' Retirement System, *except that the authority and the employees' exclusive representatives may mutually agree to an alternative pension plan.*

(e) Any transfer of functions from county employee classifications to authority employees established pursuant to this article shall result in the recognition by the hospital authority of ~~the employee organization that represented~~ *exclusive representative* of the classifications performing those functions at the time of transfer.

(f) In order to stabilize labor and employment relations and provide continuity of care and services to the people of the county, and notwithstanding any other ~~provisions~~ *provision* of law, ~~whether or not there is more than one employee organization that has been previously recognized as the exclusive representative of employees of a medical center or other health care facility,~~ the authority shall ~~continue~~ *do all of the following for a period not to exceed 24 months after the expiration of the medical center memorandum of*



1 *understanding in existence when the county establishes the*  
2 *authority:*

3 (1) *Continue to recognize each exclusive representative of each*  
4 *bargaining unit, shall continue unit.*

5 (2) *Continue to provide at least the same level of employee*  
6 *benefits, and shall continue to authority employees, who were*  
7 *medical center employees, that had been provided to these*  
8 *employees, whether these benefits arise out of a memorandum of*  
9 *understanding or other agreement or law.*

10 (3) *Continue to be bound by any existing memorandum of*  
11 *understanding or agreement covering the terms and conditions,*  
12 *including the level of wages and benefits, of those employees for*  
13 *a period not to exceed 24 months after the expiration of any*  
14 *memorandum of agreement, unless modified by mutual agreement*  
15 *with each of the exclusive representatives. Any conflicts in the*  
16 *existing agreements as to wages and other terms and conditions*  
17 *of employment shall be resolved only by mutual agreement*  
18 *between the authority and each of the exclusive representatives.*

19 (g) *Except as provided in the transfer agreement described in*  
20 *subdivision (d) of Section 101658 and this section, nothing in this*  
21 *chapter shall be construed as prohibiting the authority from*  
22 *determining the number of employees, the number of full-time*  
23 *equivalent positions, job descriptions, the nature and extent of*  
24 *classified employment positions, and salaries of employees.*

25  
26 Article 3. Board of Trustees  
27

28 101660. (a) The authority shall be governed by a board of  
29 trustees. The trustees shall reflect both the expertise necessary to  
30 maximize the quality and scope of care at the medical center and  
31 the other health care facility in a fiscally responsible manner and  
32 the communities of interest that the medical center and the other  
33 health care facility serve. The board of trustees shall have the  
34 responsibility to operate the medical center and the other health  
35 care facility in a manner that ensures the provision of appropriate,  
36 quality, and cost-effective medical care through the development  
37 of innovative delivery systems, care arrangements, and contractual  
38 agreements that provide access to affordable, high-quality health  
39 care services.

1 (b) (1) The board of trustees shall consist of the following nine  
2 members:

3 (A) Three trustees appointed for two-year terms, of which the  
4 governing board shall appoint two and the board of supervisors  
5 shall appoint one.

6 (B) Three trustees appointed for three-year terms, of which the  
7 governing board shall appoint one and the board of supervisors  
8 shall appoint two.

9 (C) Three trustees appointed for four-year terms, of which the  
10 governing board shall appoint one and the board of supervisors  
11 shall appoint two.

12 (2) After the board of trustees is appointed, the governing board  
13 and board of directors shall continue to make appointments to  
14 those trustee positions for which they each made initial  
15 appointments. The board of supervisors and the governing board  
16 may each remove their respective appointees, upon a majority  
17 vote, only for cause. If the governing board ceases to exist at any  
18 time, the appointing authority set forth in this subdivision shall be  
19 exercised solely by the board of supervisors. If a vacancy exists  
20 for any reason on the board of trustees, the appointing authority  
21 for that trustee shall make an appointment to fill out the remainder  
22 of the term of the vacant trustee position.

23 (3) *Notwithstanding paragraphs (1) and (2), either during or*  
24 *after the formation of the authority, the board of supervisors and*  
25 *each governing board that has appointing authority may modify*  
26 *the number, length of terms, and appointing authority of the board*  
27 *of trustees by means of the agreement entered into pursuant to*  
28 *subdivision (c) of Section 101658 or amendment to the agreement,*  
29 *or both, by the county and the governing board that participated*  
30 *in the formation of the authority, if in existence after this formation,*  
31 *and the governing board of any other health care facility that*  
32 *becomes affiliated or merged with the authority, if the following*  
33 *conditions are met:*

34 (A) *The board of trustees consists of at least five members.*

35 (B) *The board of trustees includes appointees of the board of*  
36 *supervisors and each existing governing board. If no governing*  
37 *board exists, the board of trustees and the board of supervisors,*  
38 *acting as the appointing authority pursuant to paragraph (2), may*  
39 *agree to modify the number or length of terms of the board of*  
40 *trustees.*

1 (c) The board of trustees shall adopt bylaws for the authority  
2 that, among other things, shall specify the officers of the board of  
3 trustees, the time, place, and conduct of meetings, and other matters  
4 that the board of trustees deems necessary or appropriate to conduct  
5 the authority's activities. The bylaws shall be operative upon  
6 approval by a majority vote of the board of trustees, but may be  
7 amended, from time to time, by a majority vote of the board of  
8 trustees.

9 (d) The board of trustees created and appointed pursuant to this  
10 chapter is a duly constituted governing body as used in Section  
11 1250 and Section 70035 of Title 22 of the California Code of  
12 Regulations.

13  
14 Article 4. Powers and Duties of the Authority  
15

16 101661. (a) The authority, in addition to any other powers  
17 granted to the authority pursuant to this chapter, shall have the  
18 following powers:

19 (1) To have the duties, privileges, immunities, rights, liabilities,  
20 and limitations of a local unit of government within the state.

21 (2) To have perpetual existence.

22 (3) To adopt, have, and use a seal, and to alter it at its pleasure.

23 (4) To sue and be sued in the name of the authority in all actions  
24 and proceedings in all courts and tribunals of competent  
25 jurisdiction.

26 (5) To purchase, lease, trade, exchange, or otherwise acquire,  
27 maintain, hold, improve, mortgage, lease, sell, and dispose of real  
28 and personal property of any kind necessary or convenient to  
29 perform its functions and fully exercise its powers.

30 (6) To appoint and employ a chief executive officer and other  
31 officers and employees that may be necessary or appropriate,  
32 including legal counsel, to establish their compensation, provide  
33 for their health, retirement, and other employment benefits, and  
34 to define the power and duties of officers and employees.

35 (7) (A) To incur indebtedness and to borrow money and issue  
36 bonds evidencing the same, including the authority to issue, from  
37 time to time, notes and revenue bonds in principal amounts that  
38 the authority determines to be necessary to provide sufficient funds  
39 for achieving any of its purposes, including, but not limited to,  
40 assumption or refinancing of debt service for capital projects

1 eligible for Medi-Cal supplemental payments pursuant to Section  
2 14085.5 of the Welfare and Institutions Code, the payment of  
3 interest on notes and bonds of the authority, the establishment of  
4 reserves to secure these notes and bonds, and all other expenditures  
5 of the authority incident to and necessary or convenient to carry  
6 out its purposes and powers.

7 (B) Any notes, bonds, or other securities issued, and the income  
8 from them, including any profit from the sale thereof, shall at all  
9 times be free from taxation by the state or any agency, political  
10 subdivision, or instrumentality of the state.

11 ~~(8) To pursue its own credit rating.~~

12 ~~(9)~~

13 (8) To enter into any contract or agreement consistent with this  
14 chapter or the laws of this state, and to authorize the chief executive  
15 officer to enter into contracts, execute all instruments, and do all  
16 things necessary or convenient in the exercise of the powers granted  
17 in this chapter, and to secure the payment of bonds.

18 ~~(10)~~

19 (9) To purchase supplies, equipment, materials, property, and  
20 services.

21 ~~(11)~~

22 (10) To establish policies relating to its purposes.

23 ~~(12)~~

24 (11) To acquire or contract to acquire, rights-of-way, easements,  
25 privileges, and property, and to construct, equip, maintain, and  
26 operate any and all works or improvements wherever located that  
27 are necessary, convenient, or proper to carry out any of the  
28 provisions, objects, or ~~purpose~~ *purposes* of this chapter, and to  
29 complete, extend, add to, repair, or otherwise improve any works  
30 or improvements acquired by it.

31 ~~(13)~~

32 (12) To contract for and to accept gifts, grants, and loans of  
33 funds, property, or other aid in any form from the federal  
34 government, the state, a state agency, or other source, or  
35 combination thereof, and to comply, subject to ~~the provisions of~~  
36 this chapter, with the terms and conditions thereof.

37 ~~(14)~~

38 (13) To invest surplus money in its own treasury, manage  
39 investments, and engage third-party investment managers, in  
40 accordance with state law.

~~(15)~~

(14) To arrange for guarantees or insurance of its bonds, notes, or other obligations by the federal or state government or by a private insurer, and to pay the premiums thereof.

~~(16)~~

(15) To engage in managed care contracting, joint ventures, affiliations with other health care facilities, other health care providers and payers, management agreements, or to participate in alliances, purchasing consortia, health insurance pools, accountable care organizations, alternative delivery systems, or other cooperative arrangements, with any public or private entity.

~~(17)~~

(16) To enter into joint powers agreements pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code.

~~(18)~~

(17) To establish nonprofit, for profit, or other entities necessary to carry out the duties of the authority.

~~(19)~~

(18) To elect to transfer funds to the state and incur certified public expenditures in support of the Medi-Cal program and other programs for which federal financial participation is available.

~~(20)~~

(19) To use a computerized management information system, including an electronic health records system, in connection with the administration of its facilities.

~~(21)~~

(20) Subject to compliance with the applicable provisions of the California Constitution, to levy taxes and assessments within the incorporated and unincorporated areas of the county.

~~(22)~~

(21) To contract with the county for the provision of indigent care services on behalf of the county. The contract shall specify that county policies consistent with the county's obligations under Section 17000 of the Welfare and Institutions Code shall be applicable. *Notwithstanding any other provision of this chapter, the authority shall not undertake any of the county's obligations under Section 17000 of the Welfare and Institutions Code, nor shall the authority have an entitlement to receive any revenue for*

1 *the discharge of the county's obligations, without a written*  
2 *agreement with the county.*

3 ~~(23)~~

4 (22) To engage in other activities that may be in the best interests  
5 of the authority and the persons served by the authority, as  
6 determined by the board of trustees, in order to respond to changes  
7 in the health care industry.

8 (b) The authority shall conform to the following requirements:

9 (1) Be a government entity separate and apart for all purposes  
10 from the county and any other public entity, and shall not be  
11 considered to be an agency, division, or department of the county  
12 or any other public entity. The authority shall not be governed by,  
13 or subject to, the policies or operational rules of the county or any  
14 other public entity.

15 (2) Be subject to state and federal taxation laws that are  
16 applicable to public entities generally, *except that the authority*  
17 *may, to the extent permitted by federal law, apply for an exemption*  
18 *from social security taxation if there is a mutual agreement with*  
19 *the exclusive representatives of the affected employees.*

20 (3) Comply with the Myers-Milias-Brown Act (Chapter 10  
21 (commencing with Section 3500) of Division 4 of Title 1 of the  
22 Government Code), *the Public Records Act (Chapter 3.5*  
23 *(commencing with Section 6250) of Division 7 of Title 1 of the*  
24 *Government Code), and the Ralph M. Brown Act (Chapter 10*  
25 *(commencing with Section 3500) of Division 4 of Title 1 of the*  
26 *Government Code).*

27 (4) Assume the liabilities for California Public Employees'  
28 Retirement System benefits, workers' compensation, and other  
29 employee benefits and liabilities with respect to employees of the  
30 authority, unless otherwise agreed to by the authority, the county,  
31 and the governing board.

32 (5) Carry professional and general liability insurance or  
33 programs to the extent sufficient to cover its activities.

34 (6) Comply with the requirements of Sections 53260 and 53261  
35 of the Government Code.

36 (7) Meet all local, state, and federal data reporting requirements.

37 (8) Be subject to the jurisdiction of the Public Employment  
38 Relations Board.

39 (c) Open sessions of the authority shall constitute official  
40 proceedings authorized by law within the meaning of Section 47

1 of the Civil Code. The privileges set forth in that section with  
2 respect to official proceedings shall apply to open sessions of the  
3 authority.

4 (d) The authority shall be a public agency for purposes of  
5 eligibility with respect to grants and other funding and loan  
6 guarantee programs. Contributions to the authority shall be tax  
7 deductible to the extent permitted by state and federal law.  
8 Nonproprietary income of the authority shall be exempt from state  
9 income taxation.

10 (e) The authority shall not be a “person” subject to suit under  
11 the Cartwright Act (Chapter 2 (commencing with Section 16700)  
12 of Part 2 of Division 7 of the Business and Professions Code).

13 (f) The statutory authority of a board of supervisors to prescribe  
14 rules that authorize a county hospital to integrate its services with  
15 those of other providers into a system of community service that  
16 offers free choice of hospitals to those requiring hospital care, as  
17 set forth in Section 14000.2 of the Welfare and Institutions Code,  
18 shall apply to the authority and the board of trustees.

19 (g) Unless otherwise agreed to by the authority and the board  
20 of supervisors, or the authority and a governing board, an obligation  
21 of the authority, statutory, contractual or otherwise, shall be the  
22 obligation solely of the authority and shall not be the obligation  
23 of the county or any other entity, and any contract executed by  
24 and between the county and the authority, or any other entity and  
25 the authority, shall contain a provision that liabilities or obligations  
26 of the authority with respect to its activities pursuant to the contract  
27 shall be the liabilities or obligations of the authority and shall not  
28 be or become the liabilities or obligations of the county or the other  
29 entity, respectively.

30 (h) An obligation of the authority, statutory, contractual or  
31 otherwise, shall be the obligation solely of the authority and shall  
32 not be the obligation of the state.

33 (i) In the event of a change of license ownership, the board of  
34 trustees shall comply with the obligations of governing bodies of  
35 general acute care hospitals generally as set forth in Section 70701  
36 of Title 22 of the California Code of Regulations, as currently  
37 written or subsequently amended, as well as the terms and  
38 conditions of the license. The authority shall be the responsible  
39 party with respect to compliance with these obligations, terms,  
40 and conditions.

(j) (1) Provisions of the Evidence Code, the Government Code, including the Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), the Civil Code, the Business and Professions Code, and other applicable law pertaining to the confidentiality of peer review activities of peer review bodies shall apply to the peer review activities of the authority. Peer review proceedings shall constitute an official proceeding authorized by law within the meaning of Section 47 of the Civil Code and those privileges set forth in that section with respect to official proceedings shall apply to peer review proceedings of the authority. If the authority is required by law or contractual obligation to submit to the state or federal government peer review information or information relevant to the credentialing of a participating provider, that submission shall not constitute a waiver of confidentiality. The laws pertaining to the confidentiality of peer review activities shall be together construed as extending, to the extent permitted by law, the maximum degree of protection of confidentiality.

(2) Notwithstanding any other law, Section 1461 shall apply to hearings on reports of hospital medical audit or quality assurance committees.

(k) (1) Any transfer by the county to the authority, or by the governing board to the authority, of the maintenance, operation and management or ownership of the medical center or the other health care facility, respectively, whether or not the transfer includes the surrendering by the county or the governing board of any existing general acute care hospital license and corresponding application for a change of ownership of the license, shall not affect the eligibility of the county or the governing board to undertake, and shall authorize the authority, subject to applicable requirements, to do, any of the following:

(A) ~~Participate~~—*With the written consent of the county, participate* in and receive allocations pursuant to the California Healthcare for the Indigent Program pursuant to Chapter 5 (commencing with Section 16940) of Part 4.7 of Division 9 of the Welfare and Institutions Code, or similar programs, as may be identified or earmarked by the county for indigent health care services of the type provided by the medical center.

(B) ~~Participate~~—*With the written consent of the county, participate* in and receive allocations of local revenue fund amounts provided



pursuant to Chapter 6 (commencing with Section 17600) of Part 5 of Division 9 of the Welfare and Institutions Code as may be identified or earmarked by the county for indigent health care services of the type provided by the medical center.

(C) Participate in the financing of, and receive, Medicaid disproportionate share hospital payments available to a county hospital or designated public hospital, or any other successor or modified payment or funding that is intended to assist hospitals that serve a disproportionate share of low-income patients with special needs. *The allocation of Medicaid disproportionate share hospital payments shall be made in consultation with the State Department of Health Care Services and other designated safety net hospitals.*

(D) Participate in the financing of, and receive, Medi-Cal supplemental reimbursements, including, but not limited to, payments made pursuant to Sections 14105.96, 14105.965, 14166.4, and 14182.15 of the Welfare and Institutions Code, payments described in paragraph (4) of subdivision (b) of Section 14301.4 of the Welfare and Institutions Code, and payments made available to a county provider or designated public hospital, or governmental entity with which it is affiliated, under any other successor or modified Medicaid payment ~~systems~~ system.

(E) Participate in the financing of, and receive, safety net care pool funding, stabilization funding, delivery system reform incentive pool payments, and any other funding available to a county provider or designated public hospital, or governmental entities with which it is affiliated under the Medicaid demonstration project authorized pursuant to Article 5.2 (commencing with Section 14166) and Article 5.4 (commencing with Section 14180) of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, or under any other successor or modified Medicaid demonstration project or Medicaid payment system. *The allocation of safety net care pool funds shall be made in consultation with the State Department of Health Care Services and other designated safety net hospitals.*

(F) Participate in the financing, administration, and provision of services under the Low Income Health Program authorized pursuant to Part 3.6 (commencing with Section 15909) of Division 9 of the Welfare and Institutions Code, or under any other successor or modified Medicaid demonstration project or Medicaid payment

1 system *if the authority enters into an agreement with the county*  
2 *concerning the provision of services by, and payment for these*  
3 *services to, the county.*

4 (G) Participate in and receive direct grant and payment  
5 allocations pursuant to Article 5.228 (commencing with Section  
6 14169.1) of Chapter 7 of Part 3 of Division 9 of the Welfare and  
7 Institutions Code, or under any other successor or modified direct  
8 grant and payment systems funded by hospital or other provider  
9 fee assessments.

10 (H) Receive Medi-Cal capital supplements pursuant to Section  
11 14085.5 of the Welfare and Institutions Code. Notwithstanding  
12 any other provision of law, supplemental payments shall be made  
13 to the medical center under Section 14085.5 of the Welfare and  
14 Institutions Code for the debt service costs incurred by the county,  
15 and, if applicable, by the authority to the extent that debt service  
16 responsibility is refinanced, transferred to, or otherwise assumed  
17 by, directly or indirectly, the authority.

18 (I) Receive any other funds that would otherwise be available  
19 to a county provider or designated public hospital, or governmental  
20 entity with which it is affiliated.

21 (2) A transfer described in paragraph (1) shall not otherwise  
22 disqualify the county or the governing board, or in the case of a  
23 change in license ownership, the authority, from participating in  
24 any of the following:

25 (A) Local, state, and federal funding sources either specific to  
26 county or district hospitals, county or district ambulatory care  
27 clinics, designated public hospitals, or government entities with  
28 which they are affiliated, for which there are special provisions  
29 specific to those hospitals, ambulatory care clinics, or government  
30 entities.

31 (B) Funding programs in which the county or the governing  
32 board, by themselves or on behalf of the medical center or the  
33 other health care facility, respectively, had participated prior to  
34 the creation of the authority, or would otherwise be qualified to  
35 participate in had the authority not been created, and the  
36 maintenance, operation, and management or ownership of the  
37 medical center and the other health care facility not been transferred  
38 by the county and the governing board to the authority pursuant  
39 to this chapter.

1 (l) The authority, the county, and the governing board, or any  
2 combination thereof, may engage in marketing, advertising, and  
3 promotion of the medical and health care services made available  
4 to the community by the authority.

5 (m) The board of trustees shall have authority over procurement  
6 and contracts for the authority. The board of trustees shall adopt  
7 written rules, regulations, and procedures with regard to these  
8 functions. Contracts by and between the authority and any public  
9 agency, and contracts by and between the authority and providers  
10 of health care, goods, or services, may be let on a nonbid basis and  
11 shall be exempt from Chapter 2 (commencing with Section 10290)  
12 of Part 2 of Division 2 of the Public Contract Code.  
13 Notwithstanding any other provision of this section, the authority  
14 shall not subcontract work performed by classifications represented  
15 by employee organizations without mutual agreement between the  
16 authority and the ~~organization representing the employees~~ *exclusive*  
17 *representatives, except that a subcontract entered into prior to the*  
18 *formation of the authority may remain in effect until its termination*  
19 *or completion and may be modified or renewed to a later*  
20 *termination or completion date upon agreement between the*  
21 *authority and the exclusive representatives of the affected*  
22 *classifications.*

23 (n) The authority shall be responsible for human resource  
24 functions, including, but not limited to, position classification,  
25 compensation, recruitment, selection, hiring, discipline,  
26 termination, grievance, equal opportunity, performance  
27 management, probationary periods, training, promotion, and  
28 maintenance of records. The board of trustees shall adopt written  
29 rules, regulations, and procedures with regard to these functions.  
30 Until the time that the board of trustees adopts its own rules,  
31 regulations, or procedures with regard to these functions, the  
32 existing rules, regulations, and procedures set forth in any  
33 memorandum of understanding described in subparagraph (D) of  
34 paragraph (1) of subdivision (d) of Section 101658 shall apply. If  
35 the memoranda do not provide for the exercise of these functions,  
36 the rules, regulations, and procedures of the county shall apply.

37 (o) The authority may contract with the county or the governing  
38 board for services and personnel upon mutually agreeable terms.

39 (p) Notwithstanding Article 4.7 (commencing with Section  
40 1125) of Chapter 1 of Division 4 of Title 1 of the Government

1 Code, related to incompatible activities, a member of the  
2 authority's administrative staff shall not be considered to be  
3 engaged in activities inconsistent and incompatible with his or her  
4 duties as a result of prior employment or affiliation with the county  
5 or the governing board.

6 (q) The board of trustees and the officers and employees of the  
7 authority are public employees for purposes of Division 3.6  
8 (commencing with Section 810) of Title 1 of the Government  
9 Code, relating to claims and actions against public entities and  
10 public employees, and shall be protected by the immunities  
11 applicable to public entities and public employees governed by  
12 Part 2 (commencing with Section 814) of Division 3.6 of Title 1  
13 of the Government Code, except as provided by other statutes or  
14 regulations that apply expressly to the authority.

15 (r) This chapter shall prevail over any inconsistent statutes  
16 governing employees of the authority, including, but not limited  
17 to, the Meyers-Milias-Brown Act (Chapter 10 (commencing with  
18 Section 3500) of Division 1 of Title 1 of the Government Code).

19 *101662. The board of trustees may, pursuant to this section,*  
20 *find and declare that the authority shall cease to exist. In that*  
21 *event, the board of trustees shall request that the board of*  
22 *supervisors and the governing board, if it still exists, negotiate*  
23 *with the authority for a disposition of the authority's assets and*  
24 *liabilities, and for a transfer of the authority's duties,*  
25 *responsibilities, and obligations under law or contract. The board*  
26 *of supervisors and the governing board shall have no obligation*  
27 *to reach agreement on these issues. If the board of trustees, the*  
28 *board of supervisors, and the governing board reach agreement,*  
29 *the board of supervisors shall rescind the ordinance that*  
30 *established the authority, and the authority shall cease to exist*  
31 *upon the date set forth in the rescinding ordinance. If the governing*  
32 *board no longer exists, only the agreement of the board of*  
33 *supervisors and the board of trustees shall be necessary to*  
34 *terminate the authority.*